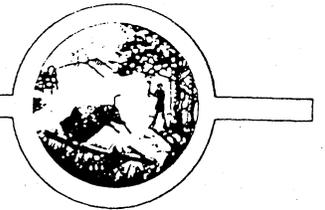


Indiana Department of Education



Division of Exceptional Learners

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MEMORANDUM

TO: Directors of Special Education

FROM: Hank Binder 
Federal Projects Coordinator
Division of Exceptional Learners
317/233-2134

RE: Fiscal Year 2003 Part B, IDEA Funding

DATE: May 1, 2002

The reauthorization of Part B, IDEA changed the way in which federal funds under Section 611 are to be distributed to local educational agencies once the appropriation exceeds \$4.9 billion. A child count of the number of students (ages three (3) through twenty-one (21)) receiving special education is no longer used as the sole basis for determining local grants.

The new federal funding formula requires the Division of Special Education to award each local educational agency an amount the agency would have received for the 1999-2000 grant year if our office had distributed seventy-five percent (75%) of the total allocation in the form of pass-through grants. This is referred to as the *Base Payment* amount and will equal approximately \$518.60 multiplied by the 12/01/98 federal count. This amount will remain constant in subsequent years unless the formula in the statute is changed.

After making the base payment allocations and allowing for required LEA Capacity-Building (Sliver) grants, the Division of Special Education will award eighty-five percent (85%) of any additional funds to each local educational agency on the basis of the relative numbers of children enrolled in public and private schools within the agency's jurisdiction, and fifteen percent (15%) of any additional funds in accordance with their relative numbers of children living in poverty as determined by our office. States have discretion in determining what data to use to allocate funds on the basis of poverty. As a result of recommendations from ICASE and COVOH, our office has decided to use data on children participating in the National School Lunch Act program to meet this requirement.

Directors of Special Education

May 1, 2002

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In addition, Part B, IDEA provides that states may retain for administration and other State-level activities (SEA set-aside funds) an amount equal to twenty-five percent (25%) of the total allocation for the 1997-1998 grant year. This amount may be adjusted slightly for inflation or by the total percentage allocation increase from the previous year – whichever is less. Since the enactment of P.L. 94-142, it has been the Division of Special Education's policy that funds can best be expended when they are allocated to the agencies directly involved in the provision of educational services to students with disabilities. Accordingly, \$3,812,493.00 in SEA set-aside funds will be awarded to local educational agencies on a proportionate basis using the 12/01/01 federal count as the determining factor (\$23.60 per child).

Enclosed is a funding schedule which represents a projection for the 2002-2003 grant year. While the total individual allocation is an estimate based upon the most recent and best information available, the amount reported in the first column of the funding schedule (LEA Pass-Through) is firm and thus not subject to change. **NOTE:** The final grant awards when determined will not be less than the provided estimates.

If you have any questions regarding this matter, please do not hesitate to contact me 317/233-2134.

rp

PRELIMINARY

FY 2003 PART B, IDEA FUNDING
(2002-2003 School Year)

04/04/03

Fiscal Year 2002 State Grant Award	\$ 145,373,315.00	
Fiscal Year 2003 State Grant Award (Projection)	\$ 170,908,661.00	
<ul style="list-style-type: none"> - Based on factors other than a child count. - An increase of 17.57% 		
<hr/>		
Fiscal Year 2003 LEA Capacity-Building (Sliver Funds)	\$ 3,091,976.00	(Federal)
	\$ 3,700,000.00	(State)
<ul style="list-style-type: none"> -- Based on the difference between the rate of inflation (2.13%) and the final anticipated rate of increase in the State's total grant award (17.57%) multiplied by the allowed SEA set-aside amount in FY 2002. (15.44% x \$20,027,151) Per child amount: \$19.29. - In addition, each LEA should be allocated a proportionate amount of funds based on the 12/01/01 child count from the amount retained by the SEA (\$608,024 / \$3.79 per child) - Total per child amount \$23.08. 		
Fiscal Year 2003 SEA Set-Aside (Administration/Discretionary)	\$ 20,453,016.00	(Federal)
	\$ 14,390,054.00	(State)
<ul style="list-style-type: none"> - Based on 25% of FY 1998 grant award <u>cumulatively</u> adjusted for inflation (2.13%). 		
Fiscal Year 2003 LEA Pass-Through (Base Payment)	\$ 76,006,114.00	(Federal)
	\$ 79,818,607.00	(State)
<ul style="list-style-type: none"> - Based on 75% of FY 2000 award. - Each LEA shall be allocated an amount of funds the LEA would have received if the SEA had distributed 75% of the total grant award (\$518.60 per child multiplied by the 12/01/98 child count). - In addition, each LEA shall be allocated a proportionate amount of funds based on the 12/01/01 child count from the amount not retained by the SEA (\$3,812,493 / \$23.60 per child). 		
Fiscal Year 2003 Population / Poverty	\$ 71,357,555.00	(Federal)
	\$ 73,000,000.00	(State)
<ul style="list-style-type: none"> - Based on the remaining funds after subtracting SEA Set-Aside, LEA Capacity-Building and LEA Pass-Through amounts from the total allocation (85% population / 15% poverty). - Each LEA shall be allocated a proportionate amount of funds based on the relative number of students enrolled in public and private schools within the LEA's jurisdiction (85% - \$62,050,000) - Each LEA shall be allocated a proportionate amount of funds based on the relative number of students participating in the National School Lunch Act (free and reduced lunches) within the LEA's jurisdiction (15% - \$10,950,000) 		

STATE TOTALS

	LEA Pass-Through (Base Payment)	SEA Set-Aside (Discretionary)	Census (Public/Private School Enrollments)	Poverty (National School Lunch Act Participants)	Total Section 611 Allocation
State Total	76,006,114.00	3,812,493.00	62,049,997.00	10,949,999.00	152,818,603.00

LEA Pass-Through: Each LEA shall be allocated an amount of funds the LEA would have received if the SEA had distributed 75% of the total grant award (\$518,703305 per child multiplied by the 12/01/98 count of students).

SEA Set-Aside: Each LEA shall be allocated a proportionate amount of funds based on the 12/01/01 count (\$23.608961 per child).

Census: Each LEA shall be allocated a proportionate amount of funds based on the relative number of students enrolled in public and private schools within the LEA's jurisdiction (\$57.844529 per child).

Poverty: Each LEA shall be allocated a proportionate amount of funds based on the relative number of students participating in the National School Lunch Act within the LEA's jurisdiction (\$35.369359 per child).

ADAMS-WELLS SPECIAL SERVICES COOPERATIVE

School Corporation	LEA Pass-Through (Base Payment)	SEA Set-Aside (Discretionary)	Census (Public/Private School Enrollments)	Poverty (National School Lunch Act Participants)	Total Section 611 Allocation
ADAMS-CENTRAL COMMUNITY SCHOOL	70,544.00	3,589.00	70,686.00	3,360.00	148,179.00
NORTH ADAMS COMMUNITY SCHOOLS	173,247.00	7,838.00	167,865.00	20,833.00	369,783.00
SOUTH ADAMS SCHOOLS	89,217.00	4,344.00	86,073.00	12,627.00	192,261.00
SOUTHERN WELLS COMMUNITY SCHOOLS	54,983.00	2,809.00	51,077.00	5,836.00	114,705.00
NORTHERN WELLS COMMUNITY SCHOOLS	178,434.00	9,680.00	156,065.00	15,633.00	359,812.00
MSD BLUFFTON-HARRISON	104,259.00	4,793.00	90,411.00	11,212.00	210,675.00
ADAMS-WELLS SPECIAL SERVICES COOPERATIVE Cooperative Total	670,684.00	33,053.00	622,177.00	69,501.00	1,395,415.00

LEA Pass-Through: Each LEA shall be allocated an amount of funds the LEA would have received if the SEA had distributed 75% of the total grant award (\$518.703305 per child multiplied by the 12/01/98 count of students).

SEA Set-Aside: Each LEA shall be allocated a proportionate amount of funds based on the 12/01/01 count (\$23.608961 per child).

Census: Each LEA shall be allocated a proportionate amount of funds based on the relative number of students enrolled in public and private schools within the LEA's jurisdiction (\$57.844529 per child).

Poverty: Each LEA shall be allocated a proportionate amount of funds based on the relative number of students participating in the National School Lunch Act within the LEA's jurisdiction (\$35.369359 per child).

**INDIANA DEPARTMENT OF EDUCATION
DIVISION OF SPECIAL EDUCATION / DIVISION OF SCHOOL FINANCE**

ABSTRACT

Differential Special Education Funding Formula

Based upon Department of Education recommendations, the General Assembly took action in 1995 which restructured the State special education funding system. Under the revised system, a modified unduplicated count of students receiving special education is now used as the basis for generating State special education funds. This replaced the weighted duplicated services count which was used as the primary funding generator.

This system involves a December 1 unduplicated count of all eligible special education students who are identified as severely or mildly/moderately disabled. The count of students with communication disorders is duplicated if a CD student was also served in another special education program. **NOTE:** The homebound student count remains unchanged and in effect.

The actual per pupil funding under this system is as follows:

CATEGORY	CALENDAR YEAR							
	1996 FOUNDATION	1997 FOUNDATION	1998 FOUNDATION	1999 FOUNDATION	2000 FOUNDATION	2001 FOUNDATION	2002 FOUNDATION	2003 FOUNDATION
Severe Disabilities:	\$ 6,000.00	\$ 7,000.00	\$ 7,205.00	\$ 7,285.00	\$ 7,561.00	\$ 7,849.00	\$ 8,045.00	\$ 8,246.00
Mild/Moderate Disabilities:	\$ 1,850.00	\$ 1,900.00	\$ 1,954.00	\$ 1,977.00	\$ 2,052.00	\$ 2,130.00	\$ 2,183.00	\$ 2,238.00
Communication Disordered and Homebound:	\$ 410.00	\$ 450.00	\$ 462.00	\$ 469.00	\$ 486.00	\$ 505.00	\$ 518.00	\$ 531.00

The category of severe disabilities consists of: *Multiply Handicapped, Orthopedic Impaired, Emotionally Handicapped (Full-Time), Severely/Profoundly Mentally Handicapped, Autistic, Visually Impaired, Hearing Impaired, Traumatic Brain Injured and Dual Sensory Impaired*. This group of students represents about 1.6% of the total student population.

The category of mild/moderate disabilities consists of: *Emotionally Handicapped (All Other), Learning Disabled, Mildly Mentally Handicapped, Moderately Mentally Handicapped and Other Health Impaired*. This group of students represents about 9.0% of the total student population. **NOTE:** Other Health Impaired was moved to Mild/Moderate Disabilities beginning with the 1998 funding year. *Communication Disordered and Homebound* students have a combined incidence rate of about 6.6%

The Department believes that the advantages of this funding system are as follows:

- discourages "over labeling" of special education students by not recognizing co-existing disabling conditions for the purpose of counting and generating additional state funding;
- provides a greater proportionate amount of state funds for the high cost of students with severe disabilities; and
- does not penalize urban districts which may have declining enrollments coupled with a high percentage of students with severe disabilities.